

TITLE: On Analytic Success and Failure

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~~Secret~~*Toward standards***On Analytic Success and Failure****Martin Petersen**

"Intelligence failure" are two words that analysts never want associated with their name. But what is an intelligence failure? According to popular culture, at least as reflected by the press, our job is to know everything and to predict the future—and with a high degree of specificity.<sup>1</sup> Intelligence, of course, will never be all-knowing and all-seeing, and finished intelligence often boils down to informed opinion about the implications of precious few facts. This begs the real question: what are reasonable standards?

Setting reasonable standards begins with an appreciation of the nature of our work and the field we play on. There are three givens in our world, and our success will always be hostage to them. First and foremost, the information available to us is generally limited, conflicting, and open to a variety of interpretations. Time pressures are great, and the issues we are asked to address are almost always multifaceted and evolving. The yes or no question is rare; we deal in trends and outlooks. The smoking gun of an intelligence failure—that piece of reporting that points clearly to the truth—is generally visible only in hindsight, and sometimes it is not so clear to us as it is to our critics.<sup>2</sup>

The policy environment is frequently charged, and at times it can be hostile. Not all agendas are above-board, and not everyone is interested in an objective assessment. For some policymakers, the truth—to the degree it can be established—is as likely to make them angry as it is to make them free. Thus, intelligence and the intelligence analyst may be seen as part of the problem rather than as part of the solution.

Finally, a key piece of the puzzle often is what the US Government is saying and doing in private, and that can be the hardest piece to obtain. The task is even more difficult when multiple policy agencies—each with its own agenda—are involved.

**Setting a Standard**

But what standard should we apply to ourselves? If we cannot predict the future, is it enough just to present the possibilities? Does a policymaker have to act on a piece of intelligence in order for us to be successful? Does the action itself have to be successful? Can there be an intelligence success and a policy failure?

I believe that in asking the question in this way we imply that intelligence, like a game, has a clear outcome and that we can keep score of wins and losses. The nature of our work indicates otherwise. Rather, we should define our standards in terms of the organizational purpose of the Directorate of Intelligence (DI)—support to the policymaker. *I believe therefore the difference between success and failure is whether or not we put the policymaker in a position to make the best-informed decision possible under the circumstances: we have to ensure that policymakers are given the dynamics of a situation or issue, the risks to US interests, the options they and their adversaries have, and the consequences of various choices.*

To those who might say that this standard is too limited and too subjective, I can only answer that, however subjective it may be, meeting it is not easy.<sup>3</sup> Moreover, it does have three concrete elements. We have done our job well if, and only if:

- *We have answered the yes or no questions correctly and have gotten the trend lines right.* Yes or no questions are comparatively rare: Will X invade Y? Who will win the election? More frequently, we are asked to assess the outlook for, or implications of, some development. In such cases, we have to be able to say that we foresaw the trend, even if we were unable to measure it precisely: growth in country X's exports over the decade; a decline in country B's military capabilities.

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- *We have illuminated for the policymaker the forces at work and correctly estimated their importance, strength, and trends.* It is not enough to just report or even add context. We have to strive to put events in broader perspective and to provide a framework that allows the policymaker to incorporate new information. We also have to be able to say that we correctly saw the threats to US interests and laid out clearly options and consequences. We have to state the degree of confidence we have in our judgments and what factors can change them.
- *We have marketed our product in a way that allows it to play a role in the policy process.* This requires us to study our customers, to tailor our product so that they can use it easily, and to make them aware of the full range of our capabilities.<sup>4</sup>

An intelligence success cannot be declared on the basis of a single piece of finished intelligence. Rather, success on an issue or set of issues is determined over time: did we adjust our analysis as circumstances changed; did we effectively target and tailor our product to the shifting needs of our consumers; and were we timely?<sup>5</sup> If success is always somehow conditional, failure can be immediate and absolute. It may be a single piece that is poorly crafted or the absence of a piece that should have been written. In either case, the stain is indelible, and no amount of good work before or after completely removes it.

### Knowing What You Believe

Setting a standard is one thing, but meeting it is another. I believe the key to getting it right is *knowing what you believe and questioning what you believe*. Knowing what you believe involves identifying, and separating in your mind, the facts, what is not known, your assumptions about how things work, and where the wheels can come off.

As a rule, the facts are not that hard to identify, if only because there are generally so few of them. And most analysts are good at identifying what it is they do not know that is critical to the issue at hand. We are also adept at dissecting the facts for clues to the unknown. These things are not at the root of most flawed analysis.

The problem frequently is our assumptions about how things work. Any analyst who has spent time on an issue quickly begins to form assumptions about its dynamics. Each of us builds out of assumptions and opinions a subliminal model about some of the hardest things to know: motive, character, culture, who has influence, how decisions get made, and the interrelationship of events. This barely conscious set of beliefs is the product of everything from earlier, accurate analysis to impressions gleaned from snippets we have read. These assumptions and opinions can be, and often are, contradictory.

Knowing what you believe also involves knowing where things can go wrong. Avoiding surprise is often a function of knowing what is out there that can radically change our assessment. This is more than an appreciation for the things we do not know; it is an awareness of the potential for the sudden so-called low-probability, high-impact event. We also need to be attuned to how much our bottom-line judgment hinges on a particular variable or assumption.

### Three Examples

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### Living With Assumptions

Because we cannot do analysis without making some assumptions, we have to reduce our vulnerability by increasing our awareness of our assumptions. Analysts have to ask themselves what they believe about the priorities, motives, and interrelations involved in the issue at hand. The goal is to expose contradictory notions and to identify the most questionable assumptions and the most volatile factors in the analytic equation. This process sharpens our thinking, thereby making our analysis more persuasive. And, most important, it reduces the impact of unspoken, half-realized assumptions about new evidence.

Thinking through one's assumptions is a tall order under the best of circumstances. First, you have to set aside the time to do so. Time is the analyst's most precious commodity, but minutes invested in thinking about your account on the commute to and from the office or while taking a shower are minutes well spent.

Second, you have to limit your thinking to discrete problems or issues. You are not going to be able to think through all that you believe about China. You

can, however, think through what you believe about China's relations with Taiwan or the Khmer Rouge's military capabilities or Japan's approach to GATT negotiations.

### Four Traps

By itself, thinking through assumptions will not ensure accurate analysis. There are many causes of flawed analysis, but the four most common are easy to avoid.

*Straight Line Projections.* One of the easiest things to do as analyst is to take the present situation or trend and project it. The press and TV commentators do this frequently.<sup>6</sup> Straight line projections occur when analysts fail to identify and think through all the factors driving a problem. The analyst may be in over his or her head—or he or she may be guilty of sloppy thinking. In either case, the result is an implicit conclusion that what is true today will be true tomorrow.

This trap has two variants. One is to focus on a single variable and neglect others: polls, numerical strength, and rates of growth. The other is to seek a precedent in the past and transfer it to the future: the government will survive this crisis because it has survived similar crises in the past.

Sometimes the present situation does extend into the future, trends continue (that is why they are called trends), and historical precedents are valid clues to the future. The point is not that such things are always wrong. Rather, such things should ring a bell that causes us to examine them closely before putting them in print.

*Seduced by Logic.* Much has been written about the mirror phenomenon in analysis, the assumption that others will behave as we would. We need to remind ourselves that risk, goals, honorable outcome, and cost/benefit trade-offs are all culture-bound concepts that make actions that seem illogical or counter-productive to us acceptable to others. But I believe this is part of a larger analytic trap—being seduced by logic, our principal tool. We forget sometimes the importance of emotion and the fact that all leaders make bad, even stupid, decisions.

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Sometimes our analytic ability works against us in another way. Analysts by disposition as well as by trade, we divine hidden meaning and uncover patterns in events, even when they are not there. Given enough time, a good analyst can fit any two pieces of information together. It is important to remember that many things are just what they appear to be, and that there is such a thing as coincidence. See Occam's razor.

*Leap to Judgment.* Because we see making judgments as one of the things that distinguishes us from the press and academics, we sometimes rush into them, even when it would be wiser and more helpful to the policymaker to reserve our opinion on how things will turn out. Coups attempts, elections, and negotiations are classic cases for caution, especially at the onset. The key variable in any fast-moving, evolving situation is that it is fast moving and evolving, and we generally are trying to play catch-up.

We are not forsaking our responsibilities if we withhold a judgment on the outcome when things are too uncertain and our sources too limited to support an informed opinion. Indeed, we may mislead our consumers if we try to do so in such circumstances. We best serve the policymakers if we inform them about the factors at work, the signposts to watch for, and the implications of potential outcomes.

*The US Factor.* What Washington does or does not do is often a key variable. It is essential to cultivate policymakers, not only to serve them better but also to avoid being surprised by our own government. Our analysis is much more likely to be flawed if we do not know everything that is causing the other side to react. We also have to remember that what the others think Washington will do may be more important than what Washington actually does. Perceptions, after all, drive one's behavior.

The coordination and review process is our best defense against these traps, as well as the other things we need to keep in mind. When they work as intended, these two processes sharpen judgments and help us articulate underlying assumptions. They force us to test our views and incorporate the expertise of others. Managers and analysts alike have a large stake in making review and coordination as intellectually rigorous (as opposed to mind-numbing contentious) as possible.

### Some Reminders

There is more to successful analysis than avoiding analytical traps. We would do well to keep in mind:

- *How we say things can be as important as what we say.* No one likes to be told, "I told you so," so be mindful of tone. Our access to the policymakers is at their sufferance, and we will not be invited back if we insist on putting our thumb in their eye at every opportunity.
- *Cynicism is the DI disease.* Some policies that DIers believe will not work ultimately do. We need to remember that the half-empty glass is also half full and to look at what is going right, as well as what is going wrong.
- *The danger of casual causal judgment.* Clauses that start with "if" or "given" are dangerous when carried over from one piece to the next. They postulate a causal relationship that may no longer be that case, and they can easily become unexamined assumptions. Every "if" and "given" should make us pause.
- *Numbers are meaningless, unless the reader knows how they were derived.* Moreover, no matter how sound our methodology, there is a good chance they are off by some factor. Numbers suggest a precision that intelligence rarely possesses.
- *Criticism is a given in our business.* Indeed, it is necessary for success. We can only hope that it is honest and informed, which it may be more times than we are willing to admit.
- *Our own emotions and biases.* Some consumers will see our work as a report card on their performance. We want to make sure that that is not our intent. We also have to take care that pressure "to get on the team" does not lead us to an analytic version of Newton's third law, an equal and opposite reaction.

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## A Final Word

We are not primarily economists, historians, or political scientists. We are intelligence analysts. It is important that each of us makes the time to think about our profession—what it is and how to do it better. If we do not, we will never be as good at it as we could be and as the nation needs us to be.

## NOTES

1. During the Gulf war, some critics took us to task because we could not state exactly how many Scuds Iraq had and where each was. Others have declared our work on the Soviet Union, Eastern Europe, and any number of other places a failure because we did not predict a specific event sufficiently in advance or because we hedged our warning. Many of these criticisms start with a policy preference and an assumption that the Agency has one, too.
2. In *Romeo and Juliet*, Shakespeare captured the analyst's point of view best: "Seal up the mouth of outrage for a while, til we can clear these ambiguities."
3. As a quick review of the DI's Product Evaluation Staff's (PES) studies will reveal, a vigorous PES is essential to maintaining standards, however they are defined. It is in the best position to bring the dispassionate, policy-neutral analysis essential to the evaluation of our work. Unlike the press, PES also brings an understanding of the directorate and its mission on the task.
4. I sometimes think that the role of the analyst is akin to getting policymakers to eat their vegetables. We select only the finest vegetables, prepare them carefully, and serve them attractively. The problem is that policymakers also have a lot of meat on their plates, and they do not always eat their vegetables. Intelligence is good for you, but it is not always appetizing. Thus it is that you can have an intelligence success and a policy failure.
5. Personal success is something different. To my mind, it is more than getting it consistently right. As individuals, and as an institution, we ought to strive to so establish our reputation for objective, insightful analysis that our consumers acknowledge—implicitly if not explicitly—that they cannot have an informed opinion unless they know what we think. They may ultimately reject our views, but they nonetheless feel obligated to check with us, even when they know they are not going to like what they will hear.
6. Meg Greenfield in the 9 November 1992 issue of *Newsweek* mused on why the press was so often surprised and wrong about developments in the elections. She argued that the press was swamped with data but failed to look beyond them. I would add that the press also fell victim to straight line projections. The coverage of the primaries, in particular, is instructive in this regard.

*This article is classified ~~SECRET~~.*